

Effectiveness of Competitive Prototyping and Preliminary Design Review Prior to Milestone B

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Report Documentation Page				Form Approved OMB No. 0704-0188	
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1. REPORT DATE MAY 2014		2. REPORT TYPE		3. DATES COVERED 00-00-2014 to 00-00-2014	
4. TITLE AND SUBTITLE Effectiveness of Competitive Prototyping and Preliminary Design Review Prior to Milestone B				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Naval Postgraduate School, Graduate School of Business & Public Policy, Monterey, CA, 93943				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution unlimited					
13. SUPPLEMENTARY NOTES AFCEA 11th Annual Acquisition Research Symposium, 14-15 May 2014, Monterey, CA.					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT Same as Report (SAR)	18. NUMBER OF PAGES 17	19a. NAME OF RESPONSIBLE PERSON
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified			

Cyclic Use of Prototyping

- Pre - WW II



- “Fly-Before-Buy”



- Packard Commission

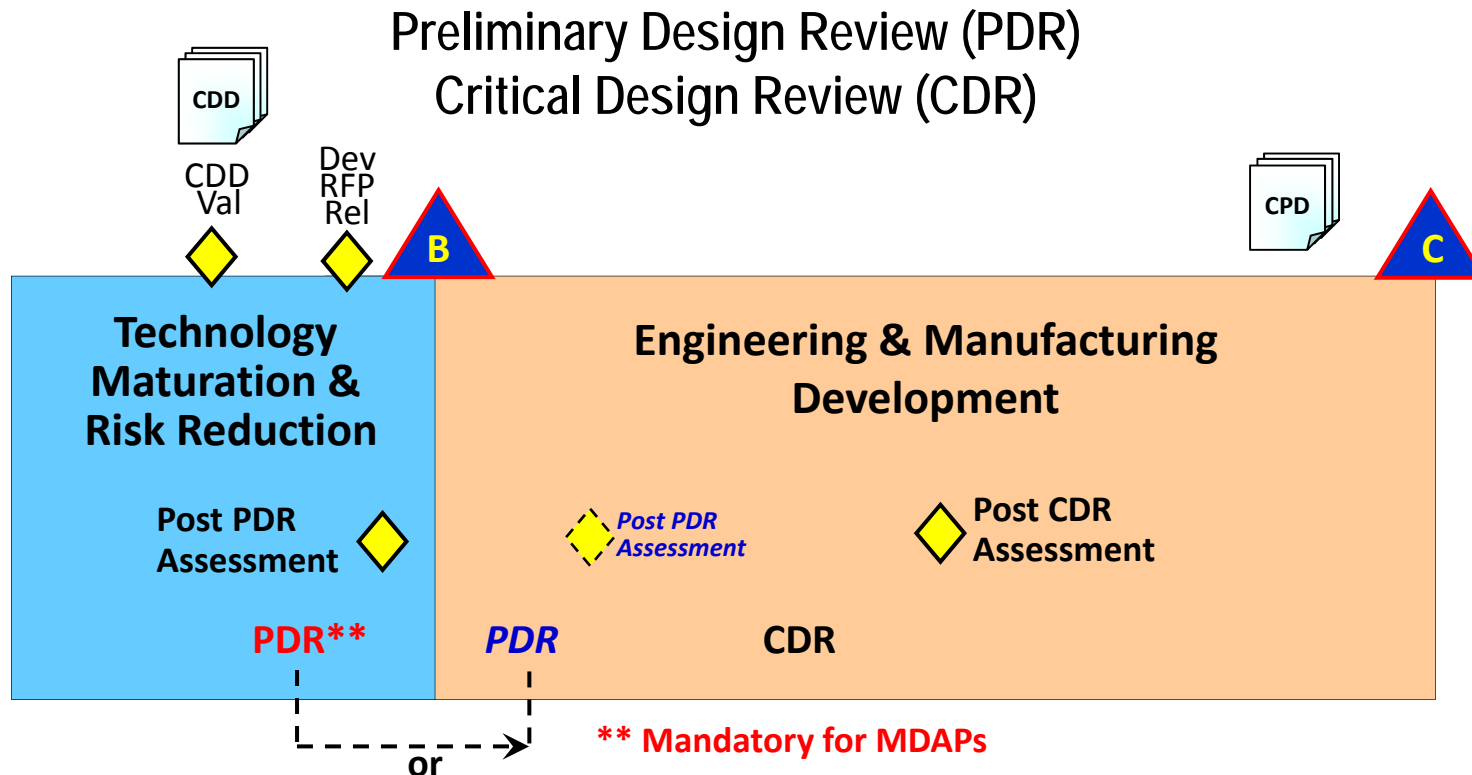


Weapons System Acquisition Reform Act of 2009 and Prototyping

- Competitive prototyping of systems or critical subsystems before Milestone B approval
- If competitive prototyping is waived by MDA, a prototype must still be produced before MS B

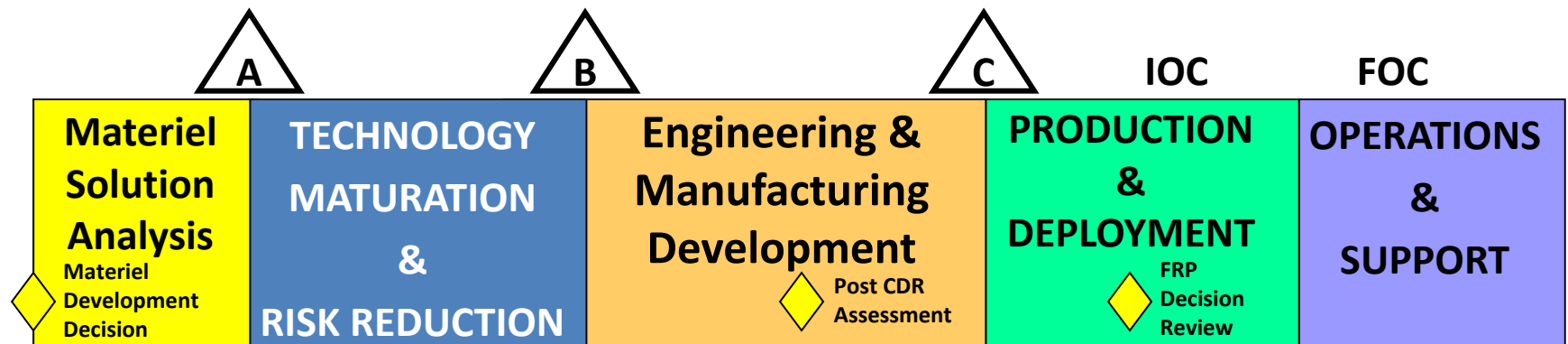


Defense Acquisition Management System 2013



PDR Before Milestone B	PDR After Milestone B
<ul style="list-style-type: none"> Planned for in Acquisition Strategy PDR Report provided to MDA at MS B Includes recommended requirements trades resulting from prototyping and critical technology demonstrations Mandatory for MDAPs and DASD(SE) participates 	<ul style="list-style-type: none"> Planned for in Acquisition Strategy PDR Report provided to MDA prior to Post PDR Assessment Reflects requirements trades At Post PDR Assessment, MDA considers PDR report; determines action(s) required to achieve APB objectives and issues ADM

Technology and Manufacturing Readiness Levels



TRL 1-3 Analytical Experimental Critical Function/Characteristic Proof of Concept	TRL 4 Component and/or Breadboard Validation in a Laboratory Environment	TRL 5 Component and/or Breadboard Validation In a Relevant Environment	TRL 6 System/Sub-system Model or Prototype Demonstrated In a Relevant Environment	TRL 7 System Prototype Demonstrated In an Operational Environment	TRL 8 Actual System Completed Qualified Through Test and Demonstration	TRL 9 Actual System "Mission Proven" Through Successful Operations	Technology Readiness Levels Defense Acquisition Guidebook para. 10.5.2
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Section 2366b of Title 10, United States Code, requires certification that the technology in the program has been "demonstrated in a relevant environment" prior to Milestone B. (This is interpreted as TRL 6.)

Joint Lightweight Tactical Vehicle (JLTV)



USA / USMC

Contract Type

TD Contract Costs

Requirements

TMRR Phase

Prelim Design Rev

TRL (at MS B)

BAE Systems

Various

\$62.9 M

AM General/GDLS

Various

\$61.3 M

CDD, 15 March 2012

27 months

June - July 2009

5 (underbody) / TD prototypes built on assembly line

Lockheed Martin

CPFF

\$53.4 M

Littoral Combat Ship (LCS)



USN

General Dynamics

Lockheed Martin

Contract Type

FPI

FPI

TD Contract Costs

\$575 M

\$537 M

Requirements

validated CDD, June 2008; 10 KPPs

TMRR Phase

72 months

Preliminary Design Review

July 2003 (prior to MS A)

TRL (at MS B)

? (integration w/mission packages) / 9 (seaframe)

Small Diameter Bomb (SDB) II



USAF / USN

Boeing / Lockheed

Raytheon

Contract Type

CPFF

CPFF

TD Contract Costs

\$161.4 M

\$161.4 M

Requirements

validated CDD, June 2009; 5 KPPs

TMRR Phase

42 months

Critical Design Rev

within 6 months of MS B (June 2010)

TRL (at MS B)

6 (Program Office Estimates)

Research Issue

Determine if DoD Instruction 5000.02 policies for Major Defense Acquisition Programs (MDAPs) relating to competitive prototyping, technology readiness, and Preliminary Design Review (PDR) prior to Milestone (MS) B are having the desired effect on program outcomes.

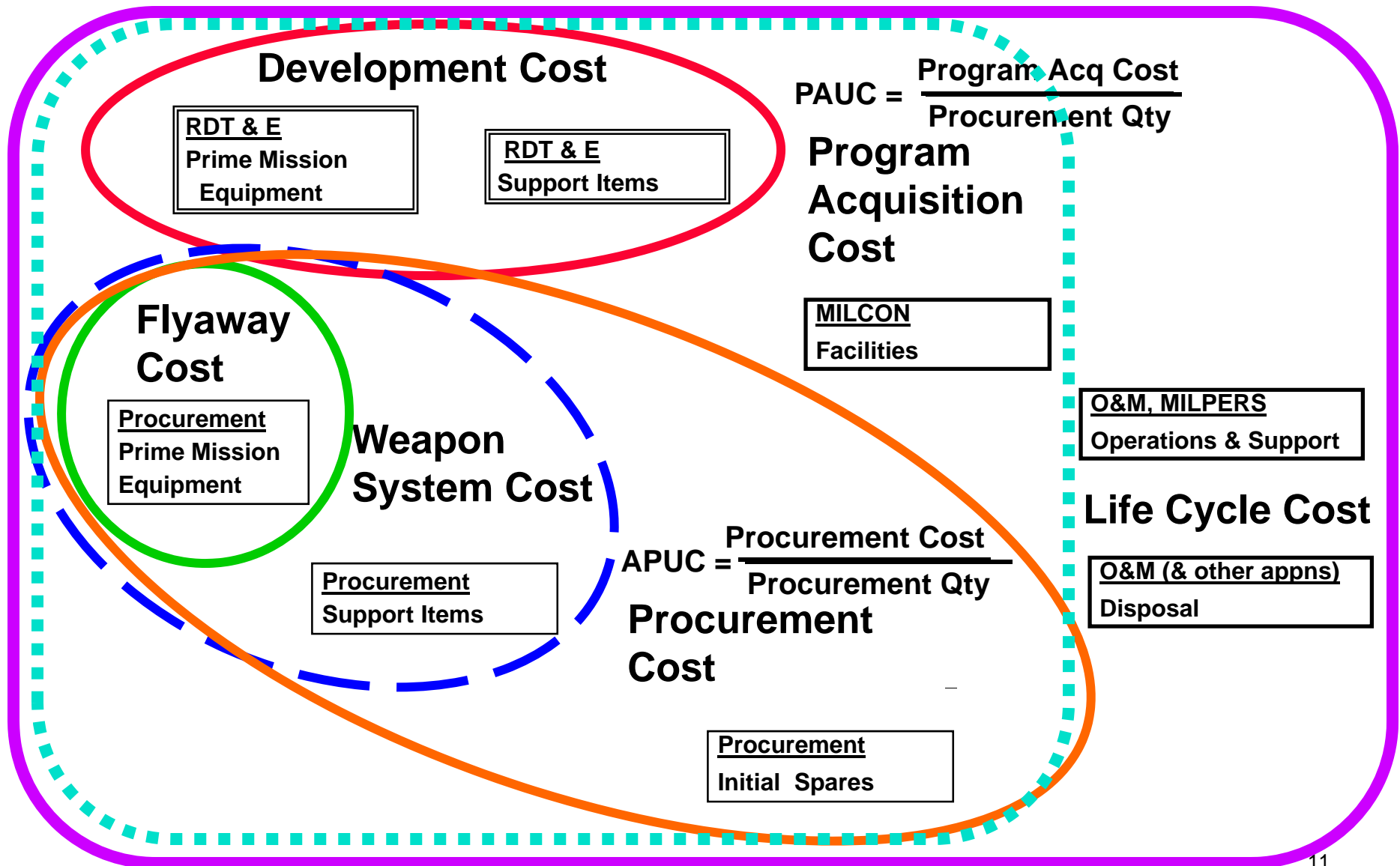
Research questions:

1. Does the knowledge from competitive prototyping and a PDR conducted prior to MS B result in better decisions relative to requirements, design, and resources?
2. What are the effects of the competitive prototyping, technology readiness, and PDR policies on program costs and program schedules?

Research Methodology

- Cost growth was determined by comparing the original Program Acquisition Unit Cost (PAUC) with the current PAUC estimate, calculated to the same base-year dollars, as reported in the Unit Cost Report (UCR) of the annual Selected Acquisition Reports (SARs) for 2011 and 2012
- Annual SARs also identify if programs have suffered an Acquisition Program Baseline (APB) threshold schedule breach
- Government Accountability Office (GAO) survey data was used to identify programs that have demonstrated technology maturity on prototypes in a relevant environment (Technology Readiness Level 6) and have conducted a preliminary design review prior to Milestone B

Life Cycle Cost Composition



Research Methodology

- Descriptive statistics are used to analyze cost growth (percent change to date in PAUC) and schedule breaches for the MDAPs that have conducted competitive prototyping and PDR activities.
- Similar descriptive statistics are used to analyze the balance of the MDAPs included in a particular annual SAR submission.
- The percentage of programs that have negative cost growth (negative percent change to date in PAUC) from each population is compared. The population with the highest number of negative cost growth programs is preferred.
- The percentage of programs that suffered an APB schedule threshold breach from each population is compared. The population with the lowest percent of schedule breaches is preferred.

Research Results

PAUC Cost Growth Results. Based upon data from the 2011 and 2012 SAR, programs that demonstrated technology maturity on prototypes in a relevant environment (TRL 6) and conducted a preliminary design review prior to Milestone B *were more often to show negative PAUC cost growth.*

This result was seen in all DoD Components.

Research Results

Table 2. Programs Costing Less, Selected Acquisition Report, December 31, 2011

Component	Programs w/Prototypes & PDR			Balance of Programs		
	Programs Costing Less	Total Programs	Percent	Programs Costing Less	Total Programs	Percent
Army	6	7	86	3	12	25
Navy	7	15	47	6	20	30
Air Force	5	10	50	4	15	27
Def Agency	1	1	100	2	9	22
Total	19	33	57	15	56	27

Table 3. Programs Costing Less, Selected Acquisition Report, December 31, 2012

Component	Programs w/Prototypes & PDR			Balance of Programs		
	Programs Costing Less	Total Programs	Percent	Programs Costing Less	Total Programs	Percent
Army	5	8	62	4	12	33
Navy	8	18	44	4	20	20
Air Force	3	8	38	6	17	35
Def Agency	0	0	0	4	5	80
Total	16	34	47	18	54	33

Research Results

Schedule Threshold Breach Results. Based upon data from the 2011 and 2012 SAR, programs that demonstrated technology maturity on prototypes in a relevant environment (TRL 6) and conducted a preliminary design review prior to Milestone B *did not suffer fewer APB schedule threshold breaches.*

This result was seen in all DoD Components except the Air Force.

Research Results

Table 4. Program Schedule Breach, Selected Acquisition Report, December 31, 2011

Component	Programs w/Prototypes & PDR			Balance of Programs		
	Programs w/Schedule Breach	Total Programs	Percent	Programs w/Schedule Breach	Total Programs	Percent
Army	2	7	28	2	12	17
Navy	4	15	27	5	20	25
Air Force	4	10	40	6	15	40
Def Agency	1	1	100	4	9	44
Total	11	33	33	17	56	30

Table 5. Program Schedule Breach, Selected Acquisition Report, December 31, 2012

Component	Programs w/Prototypes & PDR			Balance of Programs		
	Programs w/Schedule Breach	Total Programs	Percent	Programs w/Schedule Breach	Total Programs	Percent
Army	3	8	38	4	12	33
Navy	6	18	33	3	20	15
Air Force	2	8	25	7	17	41
Def Agency	0	0	0	0	5	0
Total	11	34	30	14	54	26

Future Research

- To remove some of the uncertainty in the cost growth metric, compare PAUC based upon the original cost estimate with actual PAUC. Actual PAUC can be determined from contracts found in the Defense Cost and Resource Center (DCARC) database.
- To remove some of the uncertainty in the schedule slippage metric, compare the original schedule estimate with actual schedule performance data. Actual schedule performance data for this comparison should be available in the DCARC database or Defense Acquisition Management Information Retrieval (DAMIR).
- Finally, the challenge in using cost growth and schedule slippage metrics is to tie them back to the use of competitive prototyping (to reveal technology readiness) and the use of an early PDR. The knowledge from these activities and how that knowledge is applied will tell us whether these policies have had an effect. To that end, more detailed surveys, such as those conducted annually on selected weapon systems by the GAO, will aid in helping establish the cause-effect relationship between policy and program outcomes.